
Subject: Vendor Evaluation and Selection Criteria

Effective Date: October 1, 2006

Revised from:

Policy: The State Agency (SA) must authorize an adequate number of vendors to ensure reasonable access to WIC clients and to ensure effective management and oversight of authorized vendors.

If there is inadequate client access to a WIC vendor, the SA may exempt full-line grocery stores from criteria 1, 2, 3, 4, 7 and 8. Except for certain exemptions regarding infant formula, there will be no exemptions made from criteria 5 (minimum quantity of authorized foods) and criteria 6 (comparable prices) for full-line grocery stores.

If there is inadequate client access to a WIC vendor, the SA may exempt pharmacies and non-profit vendors from criteria 1, 2, 3, 4, 6, 7 and 8. Except for certain exemptions regarding infant formula and lactose free milk, there will be no exemptions made from criteria 5 (minimum quantity of authorized foods) for exempt pharmacies and non-profit vendors.

The Kansas WIC program accepted above 50 percent vendors as authorized vendors from July 1, 2001 until September 30, 2006. Effective October 1, 2006, the Kansas WIC program shall not authorize any new vendor who plans or predicts that 50 percent of their annual gross food sales will be derived from items sold to the WIC program. Existing above 50 percent vendors, as of October 1, 2006, shall remain authorized until authorization is terminated by the SA or by the vendor owner.

Reference: 7 CFR § 246.12(g)(3)

Procedure:

Applicants and authorized vendors must consistently meet all the following criteria throughout the contract period, including any changes to the criteria.

1. Vendors must be a full-line retail grocery store that does not derive 50 percent or more of their annual gross food sales from the sale of supplemental foods to WIC clients.
 - Full-line retail grocery stores are defined as businesses that regularly stock the following staple food items: fresh or frozen uncooked meats and poultry (prepackaged luncheon meats and prepared foods do not qualify); fresh produce such as raw fruits and vegetables; canned and frozen vegetables; fresh dairy products; cereals and breadstuffs; and infant formula. Military Commissaries are considered full-line grocery stores.
2. Vendors must provide foods from stationary locations, have a minimum food sales area of 2,000 square feet or more, and be accessible to participants with disabilities.
3. Vendors must not currently be disqualified from participating in the Food Stamp Program.

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4. For existing vendors, sufficient participant usage of the store must exist. This criterion will be assessed on an annual basis for vendors who have less than 50 WIC clients redeeming checks at the store and for vendors that are located in close proximity to another WIC vendor according to the established standards indicated below. Newly approved vendors will be evaluated after completing one year of participation as a WIC vendor.
 - Proximity Standard: When there is a question of proximity, maps will be used to determine the geographic relationship of one vendor to another WIC vendor.
 - Rural Counties: Vendors located 5 miles or less from another WIC vendor will be evaluated for participant usage.
 - Urban Counties: Vendors located 1 mile or less from another WIC vendor will be evaluated for participant usage.
 - Participant Usage Standard: An existing vendor is assessed by counting the number of WIC clients redeeming food instruments with the vendor. The SA will gather the data for this criterion by reports generated through the processing of WIC food instruments. In order to continue as a WIC vendor, the vendor must have either of the following:
 - Rural counties: Vendor must average 25 participants for the months of April, May and June.
 - Urban counties: Vendor must average 100 participants for the months of April, May and June.
5. The vendor must maintain a minimum stock of WIC approved foods. The SA defines minimum stock as a sufficient quantity and variety of WIC foods to equal or exceed the established WIC minimum stock requirements.

The Minimum Stock Requirements form has been established using the following standards:

- Variety Standard (all counties): Varieties allow for clients' individual preferences. The number of varieties listed on the Minimum Stock Requirements form must be available.
 - Quantity Standard for Vendors in Rural Counties: Minimum stock must be sufficient to supply the food for one client redeeming one month's worth of checks with the greatest quantity of food allowable.
 - Quantity Standard for Vendors in Urban Counties: Minimum stock must be sufficient to supply the food for two clients redeeming one month's worth of checks with the greatest quantity of food allowable.

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6. At the time of application or contract renewal, the vendor's prices must meet pricing requirements with the average prices established for the peer group they would be placed in. Vendors with the lowest prices for WIC foods will be given preference for authorization over vendors with higher priced WIC food items.

The SA will use the Vendor Price Survey and/or Quarterly Price Assessment (QPA) to assess the vendor's prices. The SA will determine the average prices of representative WIC allowable foods of all WIC vendors by peer group using results from the most recent QPA.

All prices on the applicant's Vendor Price Survey or existing authorized vendor's QPA will be assessed against the peer group average price for each surveyed food. The peer group data used will correspond to the peer group to which the vendor has been assigned. Any vendor with more than 50% of their food type prices above the peer group average food price will be considered high priced. Any vendor with more than 75% of their food prices above the peer group average food price will be considered very high priced. High and very high priced vendors will be considered for program participation only when no other vendor with lower prices meets the remaining selection criteria.

7. Existing vendors must not have more than ten contract violations in the previous year to continue as a WIC vendor.
8. Vendors must produce a dated cash register receipt to document each sale. The receipt should give a product description of individual food items purchased and unit prices for each food item to allow auditing of foods sold to WIC participants.
9. The SA will consider business integrity when determining eligibility for selection as a vendor. Activities indicating a lack of business integrity include, but are not limited to the following:
 - Fraud;
 - Antitrust violation;
 - Embezzlement, theft, or forgery;
 - Bribery;
 - Falsification or destruction of records;
 - Making false statements or claims;
 - Receiving stolen property;
 - Obstruction of justice;
 - Other evidence reflecting on the business integrity and reputation of the applicant;
 - Arson;
 - Conspiracy; or
 - Official records of removal from any federal, state or local programs.

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The SA will not contract with any vendor that has been currently disqualified from an USDA Food and Nutrition Services (FNS) program during the last six (6) years or if any of the vendor applicant's current owners, officers, or managers have civil judgment entered against them for, or have been convicted of any activity indicating a lack of business integrity. The SA shall determine which offenses apply. The vendor must have and maintain a positive compliance history with any and all FNS programs, if currently or formerly a vendor for those programs.